



Health Services
LOS ANGELES COUNTY

November 10, 2009

**Los Angeles County
Board of Supervisors**

Gloria Molina
First District

Mark Ridley-Thomas
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT TO PROPOSITION A AGREEMENT
FOR PROVISION OF OUTPATIENT OPHTHALMOLOGICAL SERVICES
(SECOND SUPERVISORIAL DISTRICT)
(3 VOTES)**

SUBJECT

John F. Schunhoff, Ph.D.
Interim Director

Robert G. Splawn, M.D.
Interim Chief Medical Officer

Request approval to amend the Agreement with The Los Angeles Ophthalmology Medical Group, Inc. to increase the maximum obligation and delegate authority to extend the Agreement term for up to three months.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Instruct the Chair of the Board to execute Proposition A (Prop A) Amendment No. 1 to Agreement No. 76466 with The Los Angeles Ophthalmology Medical Group, Inc. (LAOMG), for the provision of Ophthalmology Clinic and Surgical Services at Martin Luther King, Jr. Multi-service Ambulatory Care Center (MLK-MACC), to: a) increase the annual maximum obligation for the period of February 1, 2009 through January 31, 2010 by \$1,000,000, for a revised annual maximum obligation of \$2,976,208, as of the effective date of Board approval, and b) authorize the Interim Director, or his designee, with Contractor consent, to extend the term of the Agreement for up to three months, through no longer than April 30, 2010, and to provide up to an additional \$744,052 for the extension period.
2. Make a finding pursuant to Los Angeles County Code section 2.121.420 that the Ophthalmology Clinic and Surgical Services at MLK-MACC can, during the extension period more feasibly be performed by independent contractors.

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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

Approval of the first recommendation will authorize the Chair of the Board to execute Amendment No. 1 (Exhibit I) with LAOMG to increase the annual maximum obligation for the period of February 1, 2009 through January 31, 2010, to allow for the provision of additional ophthalmology and surgical services at MLK-MACC, and to permit the Director, or his designee, to extend the term of the Agreement, if necessary, for up to three additional months and provide additional funding for the extension period to allow for the completion of a competitive solicitation process. All other terms of the Agreement including the rates and limits on hourly billing will remain unchanged.

Throughout the term of the Agreement, LAOMG has remained within the budgeted contract service categories except for non-elective surgical procedures to maintain vision and/or prevent progressive blindness which far exceeded expected volumes. The increase in surgical services was driven in part by MLK-MACC's Volume Expansion Plan and Health Management Associates' Operational Work Plan Progress goals to increase clinic visits, and also an increase in the number of ophthalmology referrals from other Service Planning Areas.

As of September 30, 2009, actual costs under the Agreement reached \$1,937,617, which is \$38,591 short of the second year maximum obligation of \$1,976,208. On October 6, 2009, services under the Agreement were significantly reduced due to insufficient funds. The Contractor has agreed to provide a minimal level of clinic services supported by the remaining \$38,591, and to provide only emergent and urgent care services to patients, on a pro-bono basis, through November 10, 2009. Patients who do not meet this criteria will have their appointments postponed until additional funds can be added to the Agreement.

The requested increase of \$1,000,000 to the annual maximum obligation will cover the anticipated cost of services for the remainder of the term and was calculated based on actual costs for the past eight months plus projected costs for the remainder of the term (using contractual amounts and an estimated cost for surgical procedures including any postponed surgical procedures). The increase in funding also includes an additional sum to cover increases in the number of surgical procedures if they go above projected levels. The requested \$744,052 for the extension period is based the same rates and levels of service that resulted in the revised annual maximum obligation of \$2,976,208.

Approval of the second recommendation will make a finding, pursuant to Los Angeles County Code section 2.121.420, that these physician services can more feasibly be performed by an independent contractor. Such finding is necessary to allow services to be contracted out for the extension period.

Implementation of Strategic Plan Goals

The recommended actions support Goal 4, Health and Mental Health, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The annual maximum obligation for the period of February 1, 2009 through January 31, 2010 is being increased by \$1,000,000 for a revised total of \$2,976,208. If the Agreement is extended for an additional three months, the maximum obligation for the extension period will be \$744,052, through April 30, 2010, or a prorated portion of such amount if the extension period is shorter. The costs related to this Amendment are included in the Fiscal Year 2009-10 Final Budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On January 29, 2008, your Board approved an Agreement with LAOMG effective February 1, 2008 through January 31, 2010, with an annual maximum obligation of \$1,976,208. Under the Agreement, LAOMG provides outpatient clinical and non-elective surgical ophthalmology services, including the diagnosis of treatment of cornea and external diseases, cataracts, glaucoma, and medical retina disease, as well as the provision of oculoplastic procedures, pediatric ophthalmology, neuro-ophthalmology, and general ophthalmology, at MLK-MACC. The services are provided in the subspecialty ophthalmology clinic. In addition, LAOMG performs outpatient surgical procedures at MLK-MACC. Further, LAOMG is responsible for managing the operations of the ophthalmology clinic.

The County provides to LAOMG defense and malpractice indemnification for direct patient care provided to County patients under this Agreement.

The Department determined that these physician services are subject to the terms of Proposition A; however the Proposition A ordinance now permits contracting for physician services upon a determination that the use of an independent contractor is more feasible than the use of County employees. There is currently inadequate capacity among County physicians to provide this care. Based on the fact that LAOMG is an experienced local physician group and there is difficulty in recruiting physicians to provide such services in this geographical area, the use of an independent contractor in this case is more feasible than using County physicians.

The County may terminate the Agreement upon a 30-calender day advance written notice to the Contractor.

On October 19, 2009, the Treasurer and Tax Collector notified departments that your Board adopted a new Defaulted Property Tax Reduction Program Ordinance, effective August 20, 2009, and issued the Implementation Instructions with an effective date of October 20, 2009. However, the specific Agreement language to implement this ordinance was not available at the time this amendment was negotiated with LAOMG. Therefore, this Amendment does not include the required language. The Department will add this new contract language during the competitive solicitation process.

County Counsel has approved Exhibit I as to use and form.

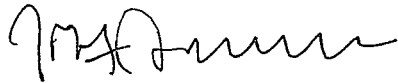
CONTRACTING PROCESS

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will ensure the continued provision of ophthalmology and surgical services at MLK-MACC.

Respectfully submitted,



John F. Schunhoff, Ph.D.
Interim Director

JFS:ds

Attachment

c: Chief Executive Officer
Acting County Counsel
Executive Officer, Board of Supervisors

LAOMG BL

EXHIBIT I

Contract No. 76466-1

OPHTHALMOLOGY CLINIC AND SURGICAL SERVICES AGREEMENT

AMENDMENT NO. 1

THIS AMENDMENT is made and entered into to this _____ day
of _____, 2009,

by and between the

COUNTY OF LOS ANGELES
(hereafter "County"),

and

THE LOS ANGELES
OPHTHALMOLOGY MEDICAL
GROUP, INC. (hereafter
"Contractor").

WHEREAS, reference is made to that certain document entitled
"OPHTHALMOLOGY CLINIC AND SURGICAL SERVICES AGREEMENT", dated
January 29, 2008, and further identified as County Agreement No.
76466 (hereafter referred to as "Agreement"); and

WHEREAS, it is the intent of the parties to amend Agreement
to increase the maximum obligation to provide for additional
services and to make the changes described hereinafter; and

WHEREAS, Agreement provides that changes may be made in the
form of a written amendment which is formally approved and
executed by the parties.

NOW, THEREFORE, the parties agree as follows:

1. This Amendment shall become effective November 10, 2009.

2. The first subparagraph of Agreement Paragraph 1, TERM AND TERMINATION, shall be revised to read as follows:

"1. TERM AND TERMINATION: The term of this Agreement shall commence on February 1, 2008, and shall continue, unless sooner canceled or terminated, in full force and effect to and including January 31, 2010. The Director of Health Services may extend the Agreement for up to three months, but in no event longer than through April 30, 2010, under the same terms and conditions upon written agreement by the Contractor."

3. Agreement Paragraph 4, MAXIMUM OBLIGATION OF COUNTY, shall be revised to read as follows:

"4. MAXIMUM OBLIGATION OF COUNTY: During the period February 1, 2008 through January 31, 2009, the maximum obligation of County for all services provided hereunder is One Million, Nine Hundred Seventy-Six Thousand, Two Hundred Eight Dollars (\$1,976,208).

During the period February 1, 2009 through January 31, 2010, the maximum obligation of County for all services provided hereunder is Two Million, Nine Hundred Seventy-Six Thousand, Two Hundred Eight Dollars (\$2,976,208). If the term of the Agreement is extended, the maximum obligation for the extension period shall not exceed Seven Hundred Forty-Four Thousand, Fifty-Two Dollars (\$744,052) for a three (3) month extension through April 30, 2010, or a prorated portion of such amount if the extension period is shorter."

Chairman and Contractor has caused this Amendment to be
subscribed in its behalf by its duly authorized officer, the day,
month, and year first above written.

COUNTY OF LOS ANGELES

By: _____
Chairman, Board of Supervisors

ATTEST:

SACHI A. HAMAI
Executive Officer of the
Board of Supervisors of
the County of Los Angeles

THE LOS ANGELES OPHTHALMOLOGY
MEDICAL GROUP, INC. _____
Contractor

By: _____

By: _____
Deputy

Title: _____

APPROVED AS TO FORM
BY THE OFFICE OF THE
COUNTY COUNSEL:

By: _____
Deputy